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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

RECORDATION NO. 24454-B FILED

MAY 15 '03 2-32PM

SURFACE TRANSPORTATION BOARD

OF COUNSEL
URBAN A. LESTER

May 15, 2003

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) copies of a Memorandum of Lease, dated as of May 15, 2003, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Assignment and Assumption Agreements which are being filed with the Board under Recordation Numbers 24454 and 24454 -A.

The names and addresses of the parties to the enclosed document are:

| | |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Head Lessor: | Lloyds TSB Equipment Leasing (No. 5) Limited C/o Lloyds TSB Leasing 25 Gresham Street London EC2V 7HN England |
| Head Lessee: | North America Rail Leasing #1 LLC (d/b/a Babcock & Brown Rail Leasing) c/o Babcock & Brown LP 230 Park Avenue New York, NY 10169 |

Mr. Vernon A. Williams
May 15, 2003
Page Two

A description of the railroad equipment covered by the enclosed document
is:

150 flatcars AOK 21230 – AOK 21379
165 boxcars UP 354450 – UP 354614

A short summary of the document to appear in the index follows:

Memorandum of Lease

Also enclosed is a check in the amount of \$30.00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed documents to the
undersigned.

Very truly yours,



Robert W. Alvord

RWA/anr
Enclosures

REGISTRATION NO.

24454-B

MAY 15 '03

2-32 PM

SURFACE TRANSPORTATION BOARD

EXECUTION
VERSION

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE, dated as of this 15th day of May, 2003, is made by Lloyds TSB Equipment Leasing (No. 5) Limited (as novatee of BBRM Sub #1 LLC), a limited liability company organized under the laws of England and Wales, with an address at 25 Gresham Street, London EC2V 7HN, United Kingdom (the "Head Lessor") and North America Rail Leasing #1 LLC (d/b/a Babcock & Brown Rail Leasing), a Delaware limited liability corporation, with an address at 230 Park Avenue, 32nd Floor, New York, NY 10169 (the "Head Lessee" and, together with the Head Lessor, the "Parties").

KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, the Head Lessor and the Head Lessee entered into that certain Master Railcar Head Lease Agreement (BBRL I) dated as of May 13, 2003 (the "Head Lease") covering the equipment listed on Schedule A hereto (the "Equipment");

WHEREAS, the Parties wish to show for the public record the existence of the aforesaid Head Lease, and the respective interests therein of the Parties, including, but not limited to, the leasehold interest of the Head Lessee in the Equipment, and accordingly the Parties have caused this memorandum to be executed by their respective duly authorized officers, as of the date first above written.

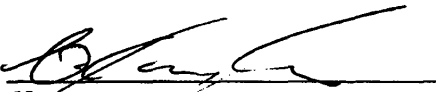
NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, by this instrument the Head Lessor hereby leases and confirms the lease of the Equipment to the Head Lessee in accordance with the

terms and conditions of the Head Lease, and the Head Lessee confirms and accepts such terms and conditions, which are incorporated by reference as if fully set forth herein.


[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this instrument has been duly executed by the Parties
hereto as of the date first above written.

LLOYDS TSB EQUIPMENT LEASING (NO. 5)
LIMITED, as Head Lessor

By: 
Name:
Title:

NORTH AMERICA RAIL LEASING #1 LLC
(d/b/a BABCOCK & BROWN RAIL LEASING),
as Head Lessee

By: 
Name: Tom McGraw
Title: Vice President

[MEMO OF LEASE]

State of New York)
)
County of New York)

On this, the 15th day of May, 2003, before me, a Notary Public in and for said County and State, personally appeared Thomas McGraw, a Vice President of North America Rail Leasing #1 LLC (d/b/a Babcock & Brown Rail Leasing), who acknowledged himself to be a duly authorized officer of North America Rail Leasing #1 LLC (d/b/a Babcock & Brown Rail Leasing), and that, as such officer, being authorized to do so, he executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.

Name: Jennifer Moreno
Notary Public

My Commission Expires: _____

Residing in: _____

Jennifer Moreno
Notary Public, State of New York
No. 01MO6036346
Qualified in Queens County
Commission Expires January 24, 2006

[MEMO OF LEASE]

State of NEW YORK)
County of NEW YORK)

On this, the 15TH day of MAY, 2003, before me, a Notary Public in and for said County and State, personally appeared DWEN HARRINGTON of Lloyds TSB Equipment Leasing (No. 5) Limited, who acknowledged himself/herself to be a duly authorized officer of Lloyds TSB Equipment Leasing (No. 5) Limited, and that, as such officer, being authorized to do so, he/she executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.

Name: Patricia A. Wages
Notary Public

My Commission Expires: 11/13/06

Residing in: _____

PATRICIA A. WAGES
Notary Public, State of New York
No. 01WA6051049
Qualified in New York County
Commission Expires November 13, 2006


[MEMO OF LEASE]

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: _____

5/15/03



Robert W. Alvord